DOCUMENT RESUME

ED 236 783 EA 016 169

TITLE	Financing Schooling in Alberta. Report of the Minister's Task Force on School Finance. Addendum.
INSTITUTION	Alberta Dept. of Education, Edmonton.
PUB DATE	Sep 83
NOTE	9p.; For related documents, see EA 016 167-168.
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Administrators; Educational Equity (Finance); *Educational Finance; *Educational Planning; Elementary Secondary Education; Evaluation; Foreign Countries; *Grants; *School Support; *State Aid
IDENTIFIERS	*Alberta

ABSTRACT

This report begins with a response by the Minister of Education to the 1982 Alberta Task Force Report. He questioned two of the report's key recommendations: (1) increasing the provincial share of schooling costs to 85 percent and (2) removing provincial controls on school board supplementary requisitions. He asked the Task Force to reconvene and consider the questions he raised. The remainder of this report is their reply. Reaffirming the recommendations in the 1982 report, the Task Force responded specifically to the minister's questions and concluded that (1) an 85/15 cost share ratio represents a long term goal achievable by methods outlined in the reply, (2) the province's annual education budget should not be a fixed proportion of whatever Alberta school boards choose to spend, (3) some regulation of local supplementary requisitions is acceptable, (4) provincial "financial" control should be effected through the use of guidelines, and (5) the definition of an educational plan translatable into financial terms may be desirable. (MD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED236783

FINANCING SCHOOLING IN ALBERTA

Report of the Minister's Task Force on School Finance

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

W.P. Eddy

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

2

ADDENDUM

SEPTEMBER, 1983

EDUCATION

Office of the Minister

319 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-2025

February 28, 1983

Dr. J. S. Hrabi
Chairman
Task Force on School Finance
Alberta Education
10th Floor, Devonian Building
11160 Jasper Avenue
Edmonton, Alberta
T5K 0L2

Dear Dr. Hrabi:

I have reviewed with considerable interest the second report and recommendations of the Task Force on School Finance. I apologize for the delay in advising you of my response to the report and as a result delaying its public distribution.

I have considered very carefully the recommendations of the Task Force and their implications. While I agree with many of the recommendations, and particularly the support for the current structure of the finance plan, I do have several basic questions specifically about two of the key recommendations:

1. Recommendation 3 — "The provincial share of total schooling costs should be targeted towards providing an average of approximately 85% of the total expenditures of all school boards in the province, leaving an average of 15% to be raised by local supplementary requisitions."

While I recognize that the Task Force is recommending this figure as a target for some future time, the report does not provide any direction on how this target would be achieved. Specifically, if the provincial contribution in 1981 was 66.8% of the total expenditures, how would the Task Force propose we should move to 85% funding, what would you estimate to be the costs involved in implementing alternative approaches, and what corresponding increase in local school board accountability and responsibility to the province would you propose?

2. Recommendation 14 — "The provincial controls on school board supplementary requisitions should be removed."

I support this recommendation and in fact, we now have replaced the previous regulations with a 5% guideline. However, in view of Recommendation 3 above, I am concerned about how a proportion such as 85%-15% could be maintained if government has no control over increases in supplementary requisitions. In effect, school jurisdictions would

EA 016 169

be able to increase supplementary requisitions at will and force the provincial government to provide corresponding increases in order to maintain the recommended balance of provincial to local contributions. What mechanism would the Task Force recommend to ensure that an appropriate balance of contributions, once attained, could be maintained on a continuous basis?

A third area of concern which I have relates to the discussion of what constitutes an educational plan for the province. The report of the Task Force indicates that an Alberta school finance plan should . . . "Be designed to achieve an educational program which may be defined as the province's educational plan". The provincial educational plan is considered to be "what is happening in the schools now". If the educational plan is the sum of all programs which school jurisdictions institute and operate, and if, as outlined in my second concern above, the provincial government has no control over the costs, how will anyone be able to afford the escalating costs that will result? In my view, if an educational plan is to form the basis for financial support from the province, it should provide direction to school jurisdictions as well as limit the scope of the programs and activities which government is prepared to support.

I have thought carefully about these issues and have decided that it would be unwise to release the report of the Task Force until these key questions and issues are addressed. Otherwise, I am concerned that the report will lose credibility and not receive the careful consideration and deliberation that it deserves.

Consequently, I am requesting that you re-convene the Task Force to consider specifically the questions that I have raised. Additional recommendations or advice from the Task Force on these issues should be added as an addendum to the second report so that it can be included when the report is released at a later date.

I realize that there is considerable pressure to release the report of the Task Force but I trust that you and members of the Task Force will understand my reservations. I would be pleased to discuss this further with you.

Sincerely,

David King
Minister of Education

June 30, 1983

Honourable David King
319 Legislative Building
Edmonton, Alberta
T5K 2B6

Dear Mr. King:

On May 6, 1983 the School Finance Task Force reconvened to discuss your letter of February 28, 1983 in which you posed a number of questions and sought further clarification regarding several sections of the report, particularly Recommendations 3 and 14, and Principle 2.

At their meeting the Task Force carefully considered your questions and, after discussion, concluded that the recommendations it made in the December 1982 report continue to be an accurate statement of the Task Force's views. In the initial instance the Task Force considered each recommendation and supporting argument at length during eleven half-day and full-day meetings held over a period of 18 months and passed the recommendations only after very deliberate debate.

The following discussion, therefore, reaffirms the earlier - stated views of the Task Force while responding to the specifics of your questions.

Recommendation 3: Raising the Provincial Cost Share

Simply put, the Task Force takes the view that the current local share of total schooling costs is too high, or, if you will, that the current provincial share (approximately 66%) is too low. The provincial share should exceed the historical high of some 80% reached in 1976; the Task Force has recommended that it would be most appropriate for the provincial support level to be set at approximately 85%. At the same time, the Task Force recognizes some practical challenges associated with setting the 85% as a precise, immutable target, including general economic conditions and freedom of local school boards in expenditure matters. For this reason, the Task Force recommends that the province **strive**, as a matter of policy, to establish and maintain its share at 85%; of lesser importance is whether or not, in each year, the 85% target is exactly achieved. "In some years the target may not be reached; in others, it may be exceeded." (p. 13)

Question 1: "How would the Task Force propose to move to 85% funding?"

There are basically two parts to the question of "how to move". In the sense of **how quickly** the province should increase its share from the current 66% level to the target level of 85%, the question is "Should it be done in one year — next year — or phased in over a number of years?" The second part of the question is "**What mechanisms** — policy instruments, grant systems, and so forth — should the province use to reach the 85% target level?"

Regarding the speed with which the province might move to the 85% level, clearly this is a matter for the Alberta government to decide. Again, the Task Force can summarize its position here as, "as soon as possible."

As for the specific mechanics of moving to the 85% level, there are two basic choices:

1) Reduce the reliance of local school boards on supplementary requisitions; that is, reduce the absolute level of supplementary requisitions and increase the provincial contribution — grants, from whatever source — an equivalent amount to make up the local revenue loss to boards; or

2) Allow local supplementary requisitions to continue to "seek their own level" while increasing the provincial contribution so as to yield the desired cost-share.

Again, as pointed out on page 13 of the report, the first choice implies a necessary regulation of supplementary requisitions by the province. The second choice means that, in effect, it would be local school boards, simply because of the requisitioning and spending decisions they make, who would be determining the size of the provincial education budget. Such a situation is not acceptable to the Task Force nor would it likely be acceptable to the province. The Task Force does not propose, nor would it support, the concept of a provincial education budget being determined in a direct way strictly by local school board decisions.

The issue of regulation of supplementary requisitions is dealt with further in the discussion of Recommendation 14 below.

The Task Force suggests two methods of reaching the goal of 85/15 sharing. (It should be noted that there **are** other methods, several of which are detailed in one of the staff papers prepared in support of the overall review)[1]. Also, the Task Force wishes to stress that it has not explored in detail the ramifications of its proposed methods (since the Task Force does not consider itself the appropriate body to do this).

Method 1. Effect a supplementary requisition rollback scheme, either as a one-time effort or in phases, using short-term controls on local supplementary requisitions (see discussion of Recommendation 14 below).

Method 2. Select a basic expenditure level (such as the total expenditure in a certain year or the average expenditure over a number of years) and during a set implementation period of x years, rationalize an annual provincial contribution which reflects inflation, growth and provincially mandated enhancements, and includes an injection of additional provincial monies, for the purpose of bringing the provincial share of funding to 85% in the concluding year.

The second method of implementation would also involve guidelines for, or controls on, local supplementary requisitions. Guidelines would be long-term, while controls would be short-term and applicable to municipal governments as well as to school jurisdictions in order that savings could be passed on to the ratepayer.

1. W. L. Hill and J. Ochitwa "Local Supplementary Requisitions Review" Alberta Education, 1982.

Question 2: "What would you estimate to be the costs involved in implementing alternative approaches?"

The Task Force argues that the total education budget (province plus local boards) does not necessarily have to be increased, in order to accommodate the intent of Recommendation #3. The overall intent of the recommendation is to shift costs from the local tax base to the general revenues of the province. Preliminary estimates of departmental staff are that the reduction of the local supplementary requisition would require approximately an additional $325 million in 1984 dollars from the province if implemented in one year.

Question 3: "What corresponding increase in local school board accountability and responsibility to the province would you propose?"

The Task Force takes the position that school boards are accountable to their electorate, whether that electorate is paying 34% or 15% of schooling costs. It was precisely because the Task Force wished to stress its firm conviction that school boards are in fact accountable in Alberta today that it amended Principle 5 to read, "An Alberta school finance plan should recognize the importance of autonomy for, **and accountability of**, local school authorities."

The report explained the intent of the principle in the words:

> Principle 5 is intended as a reminder that local jurisdictions must balance rights with responsibilities. Freedom to make choices locally of course includes responsibility for making effective use of resources, and ultimately, accountability to the local electors (page 25).

Recommendation 14: Provincial Controls on Supplementary Requisitions

Without restating the argument in full, the Task Force subscribes to the principle of local autonomy and finds long-term controls on local supplementary requisitions philosophically unacceptable. The view is not a new or unusual one, having been espoused by the 1969, 1972 and 1975 school finance advisory committees. In the words of the December 1982 report, "School boards should have the same powers as any other local government" (p. 26).

Question 4: "What mechanism would the Task Force recommend to ensure that an appropriate balance of contributions, once attained, could be maintained on a continuous basis?"

If the province is to pay 85% of total schooling costs, it is reasonable to expect that it will wish to exercise considerable leadership in matters of educational expenditure. In the view of the Task Force, the province is obligated firstly to describe in clear terms what programs and services it expects local school boards to provide and then to explain how the school finance arrangements — support level, grants and granting system — relate to those expectations. The Task Force believes that the province should: a) provide leadership by clearly explaining the basis of provincial grant levels and b) influence school board spending simply by issuing guidelines.

Individual school boards have the right to impose local levies as they see fit, but experience in Alberta has shown that school boards as a whole tend to respond positively to provincial leadership. In the view of the Task Force, then, the "control" aspect is present in the continued responsible judgement of Alberta school boards as a total group and their accountability to their electors.

Although opposed to control on local supplementary requisitions in the long term, the Task Force accepts the use of short-term, transitional controls in order to effect the underlying principle. Short-term regulation of requisition is acceptable if:

1) It is the only reasonable means of increasing the provincial share of total schooling costs (implementation of Recommendation 3), and

2) Similar controls are applied to municipal governments to ensure that the benefits resulting from a requisition rollback (that is, reduced local property tax level) do in fact accrue to the local ratepayer.

Principle 2: "An Alberta school finance plan should be designed to achieve an educational program which may be defined as the province's educational plan."

In its report the Task Force defined the current educational plan for Alberta as "What is happening in the schools now."

Regarding Principle 2, you asked:

If the educational plan is the sum of all programs which school jurisdictions institute and operate, and if, as outlined in the question about Recommendation 14, the provincial government has no control over the costs, how will anyone be able to afford the escalating costs that will result?

Although the Task Force had difficulty in defining an educational plan, this does not mean that another body, appointed especially for this purpose, would find the task impossible. Having reflected upon your questions and the relationship of Principle 2 to Recommendations 3 and 14, the Task Force has concluded that the Minister should consider defining an education plan, which can be translated into financial terms. Were such an initiative to be successful, there would be direct implications for Recommendation 3 and 14, but defining an educational plan is certainly not inconsistent with any of the principles of school finance endorsed by this Task Force. It is important to remember, however, that (as stated in Principle 2) financial support must flow from and not dictate the educational plan.

In summary, the Task Force holds the view that:

1) An 85/15 cost share ratio represents a long-term goal which the province should strive to achieve;

2) The 85/15 cost-share may be effected in a number of ways;

3) It is unreasonable to expect the province to set its annual education budget as some fixed proportion of whatever Alberta school boards simply choose to spend;

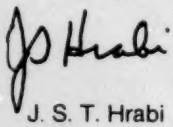
4) Some regulation of local supplementary requisitions is acceptable and necessary, but only if as a means to achieving the 85/15 cost share ratio and only if applied similarly to municipal governments;

5) Provincial financial "control" should be effected principally through the use of guidelines; and

6) The definition of an educational plan by the Minister, or by a body appointed by him for that purpose, may be desirable, especially if it can be translated into financial terms.

On behalf of the Task Force, I would like to thank you for the considered attention you have devoted to date to the Task Force report. I trust our foregoing comments will clarify the issues you raised, and the questions you posed in your letter of May 6, 1983.

Sincerely,



J. S. T. Hrabi
Chairman
School Finance Task Force